

# STANDARD PAVING & MATERIALS, LIMITED

and subsidiary companies

To the Shareholders:

Sales for the six months ended September 30, 1968 in Metropolitan Toronto have been at a higher level than in the same period of 1967, when they were severely reduced by prolonged strikes in the construction industry. However, southwestern Ontario has this year had its labour troubles, and sales in that area have been moderately lower than for the previous year.

Some slackening in the present pace of construction is indicated in the second half of the fiscal year, with municipal projects likely to be adversely affected by the cancellation of the federal government's winter works incentive programme.

Work has started on construction of the new concrete pipe plant at Dixie Road, Toronto, which should come into operation next year. Medium term financing is being arranged to provide the necessary funds.

Your directors consider that improved earnings now justify the resumption of dividend payments. They have accordingly declared a quarterly dividend of 10¢ per share payable January 2, 1969 to shareholders of record December 17, 1968.

On behalf of the Directors,

GEORGE SCHOTCH,  
President.

Toronto, Ontario,  
October 30, 1968.

## CONSOLIDATED STATEMENT OF INCOME

|                                                        | Six months ended<br>September 30<br>1968 | 1967         |
|--------------------------------------------------------|------------------------------------------|--------------|
| Sales and construction revenues                        | \$27,060,276                             | \$20,285,127 |
| Income before depreciation, depletion and income taxes | 2,173,560                                | 858,883      |
| Depreciation and depletion                             | 1,069,348                                | 1,047,086    |
| Income (loss) before income taxes                      | 1,104,212                                | (188,203)    |
| Provision for (recovery of) income taxes               | 576,000                                  | (72,000)     |
| Net income (loss) for the six months                   | \$ 528,212                               | \$ (116,203) |
| Net income (loss) for the six months per share         | 52¢                                      | (11¢)        |

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

### Source of Funds

#### Operations

|                                                 |            |              |
|-------------------------------------------------|------------|--------------|
| Net income (loss) for the six months            | \$ 528,212 | \$ (116,203) |
| Charges not involving a current outlay of funds |            |              |
| Depreciation and depletion                      | 1,069,348  | 1,047,086    |
| Deferred income taxes                           | 135,000    | (158,000)    |

|                                                        |           |         |
|--------------------------------------------------------|-----------|---------|
| Mortgages receivable, reduction in non-current portion | 1,732,560 | 772,883 |
| Increase in long-term debt                             | 25,000    | 55,000  |
|                                                        | 56,000    | —       |
|                                                        | 1,813,560 | 827,883 |

### Application of Funds

|                                                  |            |            |
|--------------------------------------------------|------------|------------|
| Additions to property, plant and equipment, net  | 1,280,500  | 292,701    |
| Dividends (1967 — 20¢)                           | —          | 204,859    |
| Long-term debt, reduction in non-current portion | 101,000    | 96,501     |
| Special refundable tax                           | (37,380)   | 31,042     |
|                                                  | 1,344,120  | 625,103    |
| Increase in Working Capital                      | \$ 469,440 | \$ 202,780 |

NOTE: the above statements are unaudited and subject to year-end adjustments.



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# STANDARD PAVING & MATERIALS, LIMITED

48 St. Clair Avenue West, Toronto 7, Ontario

To the Shareholders:

On behalf of your Directors I submit the following unaudited interim financial report, subject to year-end adjustments —

|                                                              | Six months ended<br>September 30 |              |
|--------------------------------------------------------------|----------------------------------|--------------|
|                                                              | 1967                             | 1966         |
| <b>RESULTS OF OPERATIONS</b>                                 |                                  |              |
| Sales and construction revenues .....                        | \$20,285,127                     | \$25,911,533 |
| Income before depreciation, depletion and income taxes ..... | 858,883                          | 1,894,744    |
| Depreciation and depletion .....                             | 1,047,086                        | 1,090,616    |
| Income or (loss) before income taxes .....                   | (188,203)                        | 804,128      |
| Provision for (recovery of) income taxes .....               | (72,000)                         | 600,000      |
| Net income or (loss) for the six months .....                | (116,203)                        | 204,128      |
| Net income or (loss) for the six months per share .....      | (11¢)                            | 20¢          |

## SOURCE AND APPLICATION OF FUNDS

Funds were provided from:

### Operations

|                                                             |         |           |
|-------------------------------------------------------------|---------|-----------|
| Income before depreciation, depletion and income taxes ...  | 858,883 | 1,894,744 |
| Provision for current income taxes .....                    | 86,000  | 412,400   |
|                                                             | 772,883 | 1,482,344 |
| Mortgages receivable — reduction in long-term portion ..... | 55,000  | 25,000    |
|                                                             | 827,883 | 1,507,344 |

Funds were applied to:

|                                                       |         |           |
|-------------------------------------------------------|---------|-----------|
| Purchase of property, plant and equipment (net) ..... | 292,701 | 1,925,417 |
| Dividends (1967 — 20¢, 1966 — 40¢) .....              | 204,859 | 409,718   |
| Special refundable tax .....                          | 31,042  | —         |
| Reduction in long-term debt .....                     | 96,501  | 184,500   |
|                                                       | 625,103 | 2,519,635 |

|                                                 |            |               |
|-------------------------------------------------|------------|---------------|
| Increase or (decrease) in working capital ..... | \$ 202,780 | \$(1,012,291) |
|-------------------------------------------------|------------|---------------|

Prolonged strikes in the construction industry in Metropolitan Toronto began in May and were not finally settled until October. These seriously reduced your company's sales and earnings in the Toronto area, in which the major part of its activities are concentrated. The strikes also added to the problems already encountered on some major construction contracts by imposing several months delay so that completion will not now be possible this year.

Capital expenditures were confined to essential replacements of equipment and plant improvements. Working capital shows an increase of \$202,780.

Your directors have resolved to omit the dividend normally payable on January 2, 1968 in order to conserve your company's resources.

*George Schuteh*

President.

